



Chief Financial Officer's Department Report to Audit Committee
Finance / Treasury

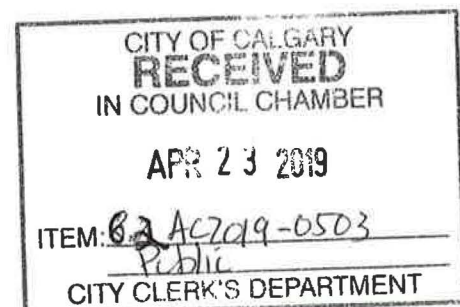


AC2019-0502³
2018 Annual Investment Report
April 23, 2019

ISC: Unrestricted

The City of Calgary

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Investment Governance

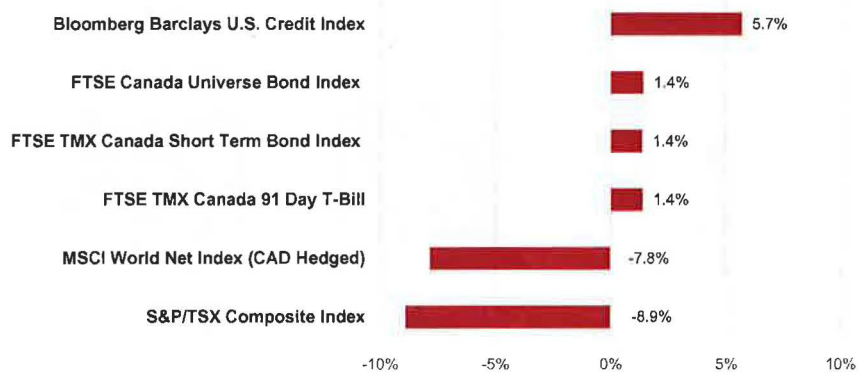
- ▶ Investment management is guided by two City policies:
 - ▶ Investment Governance Policy (CFO001)
 - ▶ Investment Policy (CFO007)
- ▶ The Investment Advisory Committee (IAC) is responsible for investment and risk oversight to ensure investments are optimally managed in accordance with legislation and Council Policy
- ▶ All internally and externally managed portfolios were in compliance with Policy in 2018
- ▶ The City has three primary investment objectives:
 - ▶ Capital Preservation
 - ▶ Risk Mitigation
 - ▶ Investment Return



2018 Market Overview

- ▶ Market volatility, trade uncertainty, slowing earnings growth
- ▶ Increasing borrowing costs in Canada and The United States
- ▶ Poor performance in global equity markets with fourth quarter sell-off

2018 Capital Market Returns

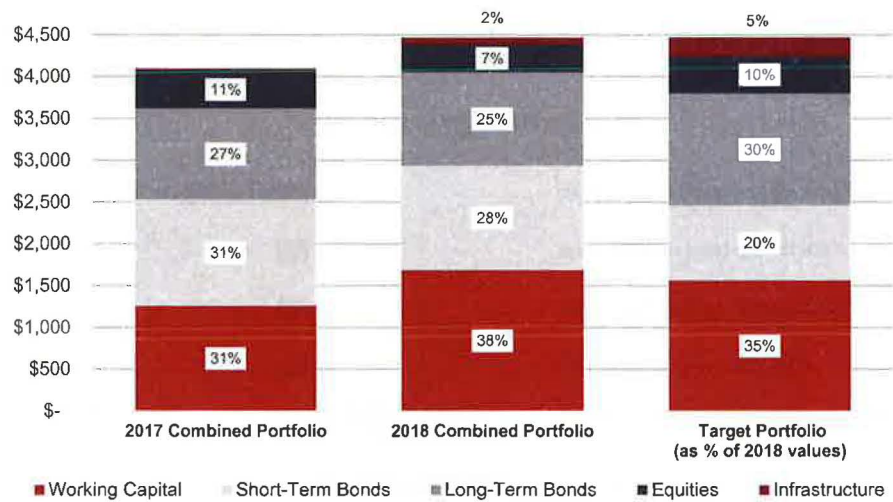




2018 Investment Summary

- In 2018, the market value of total investments under management was \$4.3 billion, up slightly from \$4.1 billion in 2017.

Asset Mix as at December 31, 2018

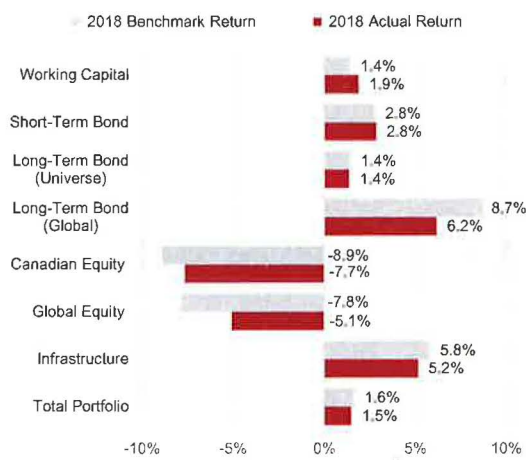




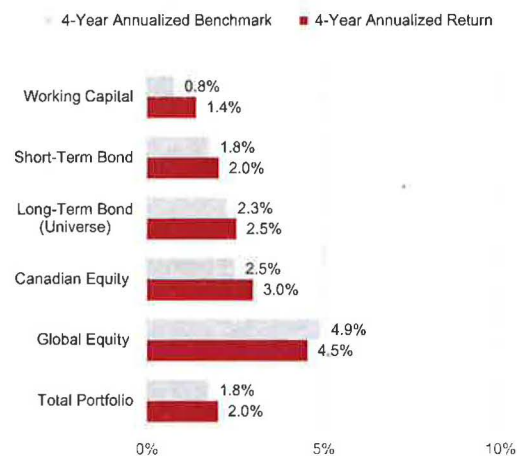

2018 Investment Summary

- ▶ Total investments returned 1.5% compared to the benchmark return of 1.6%
- ▶ \$114 million of investment income was generated for The City
- ▶ Global bonds were the strongest performer, returning 6.2%
- ▶ Internally managed portfolios returned 1.9% against a benchmark of 1.4%.
- ▶ All asset classes except Global equity exceed benchmark on a 4-year annualized basis

2018 Annualized Returns



4-Year Annualized Returns





Going Forward

- I. Continued implementation of the 2016 City Council approved asset mix
- II. Detailed analysis of cash flow profiles to better optimize liquidity
- III. Improved risk reporting and portfolio analytics

Calgary



Recommendation

- ▶ That the Audit Committee recommend that Council receive the 2018 Annual Investment Report for information